

# APPENDIX C

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF WISCONSIN  
MILWAUKEE DIVISION**

KENNETH MASON and,  
JULIA WATKINS

Plaintiffs,

v.

LONG BEACH MORTGAGE COMPANY;  
and DEUTSCHE BANK NATIONAL TRUST  
COMPANY;  
Defendants.

**JURY DEMANDED**

**COMPLAINT**

**INTRODUCTION**

1. Plaintiffs Kenneth Mason and Julia Watkins bring this action against a “subprime” mortgage lender and the holder of the loan to rescind a mortgage and recover damages for violation of the Truth in Lending Act, 15 U.S.C. § 1601 (“TILA”), and implementing Federal Reserve Board Regulation Z, 12 C.F.R. part 226.

**JURISDICTION AND VENUE**

2. This Court has subject matter jurisdiction under 28 U.S.C. §§ 1331 (general federal question), 1337 (interstate commerce), and 15 U.S.C. §1640 (TILA). Defendants do business in the District and are deemed to reside here.

**PARTIES**

3. Plaintiffs own and reside in a home at 2802 N. 56<sup>th</sup> Street, Milwaukee, WI 53210.

4. Defendant Long Beach Mortgage Company (“Long Beach”) is a foreign

corporation authorized to do business in Illinois. It has an office at 1 Pierce Place, Suite 700, Itasca, IL, 60143-2606. Its registered agent and office are Illinois Corporation Service Co., 801 Adlai Stevenson Drive, Springfield, IL 62703-4261.

5. Defendant Long Beach is engaged in the business of making "subprime" mortgage loans.

6. Defendant Long Beach makes more than 26 loans per year.

7. Defendant Deutsche Bank National Trust Company ("Deutsche Bank") is a foreign corporation with its headquarters at 60 Wall Street, New York, NY 10005. It does business in Illinois. It is engaged in the business of, inter alia, buying "subprime" mortgage loans on Illinois properties.

#### FACTS

8. On September 28, 2005, plaintiffs obtained from Long Beach a mortgage loan, secured by plaintiffs residence at 2802 N. 56<sup>th</sup> Street, Milwaukee, WI 53210.

9. Plaintiffs obtained the loan for personal, family or household purposes, namely the refinancing of prior debts incurred for such purposes.

10. In connection with the loan, Long Beach provided plaintiffs with the Notice of Right to Cancel form.

11. All copies of the Notice of Right to Cancel delivered to plaintiffs were incomplete, as shown by Exhibit A.

12. In connection with the loan, plaintiffs signed a 1-4 Family Rider form, Exhibit B.

13. In connection with the loan, plaintiffs received Truth in Lending financial

disclosures, Exhibit C.

14. On information and belief, Deutsche Bank is the current owner of the loan.

Plaintiffs were not notified that the loan was assigned to Deutsche Bank.

**COUNT I – NOTICE OF RIGHT TO CANCEL**

15. Plaintiffs Kenneth Mason and Julia Watkins incorporates ¶¶1-14.

16. This claim is against all defendants.

**RIGHT TO RESCIND**

17. Because the transaction was secured by plaintiff's home, and was not entered into for purposes of the initial acquisition or construction of that home, it was subject to the right to cancel provided by 15 U.S.C. §1635 and 12 C.F.R. §226.23. Section 226.23 provides:

**(a) Consumer's right to rescind.**

**(1) In a credit transaction in which a security interest is or will be retained or acquired in a consumer's principal dwelling, each consumer whose ownership interest is or will be subject to the security interest shall have the right to rescind the transaction, except for transactions described in paragraph (f) of this section.[fn]47**

**(2) To exercise the right to rescind, the consumer shall notify the creditor of the rescission by mail, telegram or other means of written communication. Notice is considered given when mailed, when filed for telegraphic transmission or, if sent by other means, when delivered to the creditor's designated place of business.**

**(3) The consumer may exercise the right to rescind until midnight of the third business day following consummation, delivery of the notice required by paragraph (b) of this section, or delivery of all material disclosures,[fn]48 whichever occurs last. If the required notice or material disclosures are not delivered, the right to rescind shall expire 3 years after consummation, upon transfer of all of the consumer's interest in the property, or upon sale of the property, whichever occurs first. In the case of certain administrative proceedings, the rescission period shall be extended in accordance with section 125(f) of the Act. [15**

**U.S.C. §1635(f)]**

**(4) When more than one consumer in a transaction has the right to rescind, the exercise of the right by one consumer shall be effective as to all consumers.**

**(b) Notice of right to rescind.** In a transaction subject to rescission, a creditor shall deliver 2 copies of the notice of the right to rescind to each consumer entitled to rescind. The notice shall be on a separate document that identifies the transaction and shall clearly and conspicuously disclose the following:

**(1) The retention or acquisition of a security interest in the consumer's principal dwelling.**

**(2) The consumer's right to rescind the transaction.**

**(3) How to exercise the right to rescind, with a form for that purpose, designating the address of the creditor's place of business.**

**(4) The effects of rescission, as described in paragraph (d) of this section.**

**(5) The date the rescission period expires. . . .**

**(f) Exempt transactions.** The right to rescind does not apply to the following:

**(1) A residential mortgage transaction [defined in 15 U.S.C. §1602(w) as one where a "security interest is created or retained against the consumer's dwelling to finance the acquisition or initial construction of such dwelling"].**

**(2) A credit plan in which a state agency is a creditor.**

**GROUND FOR RESCISSION**

18. In connection with the loan, Long Beach failed to provide the required disclosures of the plaintiff's right to cancel within three days, in violation of 15 U.S.C. §1635 and 12 C.F.R. §226.23.

19. Notice of rescission has been given to defendants.

20. The loan has not been rescinded.

21. Under 15 U.S.C. §1641(c), the right to rescind may be exercised against any assignee.

22. 15 U.S.C. §1635(g) provides:

**Additional relief**

**In any action in which it is determined that a creditor has violated this section, in addition to rescission the court may award relief under section 1640 of this title for violations of this subchapter not relating to the right to rescind.**

WHEREFORE, plaintiff's request that the Court enter judgment in favor of plaintiffs and against defendants for:

- a. A judgment voiding plaintiffs mortgage, capable of recordation in the public records, and binding on defendants;
- b. Statutory damages for the underlying disclosure violation;
- c. If appropriate, statutory damages for failure to rescind;
- d. Attorney's fees, litigation expenses and costs.
- e. Such other or further relief as the Court deems appropriate.

**COUNT II -- TILA -- 1-4 FAMILY RIDER CLAIM**

23. Plaintiffs Kenneth Mason and Julia Watkins incorporates ¶¶1-14.
24. This claim is against Long Beach, only.
25. All time limitations applicable to this claim have been tolled as a result of the filing of a class action, 05 C 864 (N.D.Ill.), from which plaintiff elects to be excluded.
26. The "1-4 Family Rider" (Exhibit B) creates a security interest in personal property that is not part of the real estate.
27. No such security interest is disclosed on the Truth in Lending disclosures.

28. The non-disclosure of the security interest in personal property on the Truth in Lending disclosures of plaintiff violates 15 U.S.C. § 1637 and 12 C.F.R. § 226.18.

WHEREFORE, plaintiffs requests that the Court enter judgment in favor of plaintiffs and against defendants for:

- a. Statutory damages;
- b. Attorney's fees, litigation expenses and costs of suit;
- c. Such other or further relief as the Court deems proper.



Daniel A. Edelman

Daniel A. Edelman  
Thomas E. Soule  
EDELMAN, COMBS, LATTURNER  
& GOODWIN, LLC  
120 S. LaSalle Street, 18th Floor  
Chicago, Illinois 60603  
(312) 739-4200  
(312) 419-0379 (FAX)

**JURY DEMAND**

Plaintiffs demand trial by jury.



Daniel A. Edelman

**EXHIBIT A**



**NOTICE OF RIGHT TO CANCEL**

LENDER: LONG BEACH MORTGAGE COMPANY

DATE 09/28/05  
LOAN NO. 6574813-7892  
TYPE ADJUSTABLE RATE

BORROWERS/OWNERS: JULIA M WATKINS

ADDRESS 2802 N 56TH ST  
CITY/STATE/ZIP MILWAUKEE, WI 53210  
PROPERTY 2802-2804 N 56TH ST  
MILWAUKEE, WI 53210

You are entering into a transaction that will result in a mortgage/lien/security interest on/in your home. You have a legal right under federal law to cancel this transaction, without cost, within THREE BUSINESS DAYS from whichever of the following events occurs last:

- (1) The date of the transaction, which is \_\_\_\_\_; or
- (2) The date you received your Truth in Lending disclosures; or
- (3) The date you received this notice of your right to cancel.

If you cancel the transaction, the mortgage/lien/security interest is also cancelled. Within 20 CALENDAR DAYS after we receive your notice, we must take the steps necessary to reflect the fact that the mortgage/lien/security interest on/in your home has been cancelled, and we must return to you any money or property you have given to us or to anyone else in connection with this transaction.

You may keep any money or property we have given you until we have done the things mentioned above, but you must then offer to return the money or property. If it is impractical or unfair for you to return the property, you must offer its reasonable value. You may offer to return the property at your home or at the location of the property. Money must be returned to the address below. If we do not take possession of the money or property within 20 CALENDAR DAYS of your offer, you may keep it without further obligation.

**HOW TO CANCEL**

If you decide to cancel this transaction, you may do so by notifying us in writing, at:  
LONG BEACH MORTGAGE COMPANY  
ONE PIERCE PLACE, STE 700  
ITASCA, IL 60143

You may use any written statement that is signed and dated by you and states your intention to cancel, or you may use this notice by dating and signing below. Keep one copy of this notice because it contains important information about your rights.

If you cancel by mail or telegram, you must send the notice no later than MIDNIGHT of \_\_\_\_\_  
(or MIDNIGHT of the THIRD BUSINESS DAY following the latest of the three events listed above.) If you send or deliver your written notice to cancel some other way, it must be delivered to the above address no later than that time.

**I WISH TO CANCEL**

SIGNATURE

DATE

The undersigned each acknowledge receipt of two copies of NOTICE of RIGHT TO CANCEL and one copy of the Federal Truth in Lending Disclosure Statement.

Each borrower/owner in this transaction has the right to cancel. The exercise of this right by one borrower/owner shall be effective to all borrowers/owners.

*Julia M. Watkins*  
BORROWER/OWNER  
JULIA M WATKINS

*9/28/05*  
DATE

BORROWER/OWNER

DATE

*Kenneth J. Mason*  
BORROWER/OWNER  
KENNETH J MASON

*9/28/05*  
DATE

BORROWER/OWNER

DATE

**NOTICE OF RIGHT TO CANCEL**

LENDER: LONG BEACH MORTGAGE COMPANY

DATE 09/28/05  
LOAN NO. 6574813-7892  
TYPE ADJUSTABLE RATE

BORROWERS/OWNERS JULIA M WATKINS

ADDRESS 2802 N 56TH ST  
CITY/STATE/ZIP MILWAUKEE, WI 53210  
PROPERTY 2802-2804 N 56TH ST  
MILWAUKEE, WI 53210

You are entering into a transaction that will result in a mortgage/lien/security interest on/in your home. You have a legal right under federal law to cancel this transaction, without cost, within THREE BUSINESS DAYS from whichever of the following events occurs last:

- (1) The date of the transaction, which is \_\_\_\_\_; or
- (2) The date you received your Truth in Lending disclosures; or
- (3) The date you received this notice of your right to cancel.

If you cancel the transaction, the mortgage/lien/security interest is also cancelled. Within 20 CALENDAR DAYS after we receive your notice, we must take the steps necessary to reflect the fact that the mortgage/lien/security interest on/in your home has been cancelled, and we must return to you any money or property you have given to us or to anyone else in connection with this transaction.

You may keep any money or property we have given you until we have done the things mentioned above, but you must then offer to return the money or property. If it is impractical or unfair for you to return the property, you must offer its reasonable value. You may offer to return the property at your home or at the location of the property. Money must be returned to the address below. If we do not take possession of the money or property within 20 CALENDAR DAYS of your offer, you may keep it without further obligation.

**HOW TO CANCEL**

If you decide to cancel this transaction, you may do so by notifying us in writing, at:  
LONG BEACH MORTGAGE COMPANY  
ONE PIERCE PLACE, STE 700  
ITASCA, IL 60143

You may use any written statement that is signed and dated by you and states your intention to cancel, or you may use this notice by dating and signing below. Keep one copy of this notice because it contains important information about your rights.

If you cancel by mail or telegram, you must send the notice no later than MIDNIGHT of \_\_\_\_\_  
(or MIDNIGHT of the THIRD BUSINESS DAY following the latest of the three events listed above.) If you send or deliver your written notice to cancel some other way, it must be delivered to the above address no later than that time.

**I WISH TO CANCEL**

SIGNATURE

DATE

The undersigned each acknowledge receipt of two copies of NOTICE of RIGHT TO CANCEL and one copy of the Federal Truth in Lending Disclosure Statement.

Each borrower/owner in this transaction has the right to cancel. The exercise of this right by one borrower/owner shall be effective to all borrowers/owners.

*Julia M. Watkins*  
BORROWER/OWNER  
JULIA M WATKINS

*9/28/05*  
DATE

BORROWER/OWNER

DATE

*Kenneth J. Mason*  
BORROWER/OWNER  
KENNETH J MASON

*9/28/05*  
DATE

BORROWER/OWNER

DATE

**NOTICE OF RIGHT TO CANCEL**

LENDER: LONG BEACH MORTGAGE COMPANY

DATE 09/28/05

LOAN NO. 6574813-7892

TYPE ADJUSTABLE RATE

BORROWERS/OWNERS: JULIA M WATKINS

ADDRESS 2802 N 56TH ST

CITY/STATE/ZIP MILWAUKEE, WI 53210

PROPERTY 2802-2804 N 56TH ST  
MILWAUKEE, WI 53210

You are entering into a transaction that will result in a mortgage/lien/security interest on/in your home. You have a legal right under federal law to cancel this transaction, without cost, within THREE BUSINESS DAYS from whichever of the following events occurs last:

- (1) The date of the transaction, which is \_\_\_\_\_; or
- (2) The date you received your Truth in Lending disclosures; or
- (3) The date you received this notice of your right to cancel.

If you cancel the transaction, the mortgage/lien/security interest is also cancelled. Within 20 CALENDAR DAYS after we receive your notice, we must take the steps necessary to reflect the fact that the mortgage/lien/security interest on/in your home has been cancelled, and we must return to you any money or property you have given to us or to anyone else in connection with this transaction.

You may keep any money or property we have given you until we have done the things mentioned above, but you must then offer to return the money or property. If it is impractical or unfair for you to return the property, you must offer its reasonable value. You may offer to return the property at your home or at the location of the property. Money must be returned to the address below. If we do not take possession of the money or property within 20 CALENDAR DAYS of your offer, you may keep it without further obligation.

**HOW TO CANCEL**

If you decide to cancel this transaction, you may do so by notifying us in writing, at:

LONG BEACH MORTGAGE COMPANY  
ONE PIERCE PLACE, STE 700  
ITASCA, IL 60143

You may use any written statement that is signed and dated by you and states your intention to cancel, or you may use this notice by dating and signing below. Keep one copy of this notice because it contains important information about your rights.

If you cancel by mail or telegram, you must send the notice no later than MIDNIGHT of \_\_\_\_\_  
(or MIDNIGHT of the THIRD BUSINESS DAY following the latest of the three events listed above.) If you send or deliver your written notice to cancel some other way, it must be delivered to the above address no later than that time.

**I WISH TO CANCEL**

SIGNATURE \_\_\_\_\_

DATE \_\_\_\_\_

The undersigned each acknowledge receipt of two copies of NOTICE of RIGHT TO CANCEL and one copy of the Federal Truth in Lending Disclosure Statement.

Each borrower/owner in this transaction has the right to cancel. The exercise of this right by one borrower/owner shall be effective to all borrowers/owners.

BORROWER/OWNER  
JULIA M WATKINS

DATE \_\_\_\_\_

BORROWER/OWNER

DATE \_\_\_\_\_

BORROWER/OWNER  
KENNETH J MASON

DATE \_\_\_\_\_

BORROWER/OWNER

DATE \_\_\_\_\_

1084VMP (04/03/01) PC  
-64 (0712) 01

VMP MORTGAGE FORMS • (800) 521-7291

12/97

**NOTICE OF RIGHT TO CANCEL**

LENDER: LONG BEACH MORTGAGE COMPANY

DATE 09/28/05

LOAN NO. 6574813-7892

TYPE ADJUSTABLE RATE

BORROWERS/OWNERS: JULIA M WATKINS

ADDRESS 2802 N 56TH ST  
 CITY/STATE/ZIP MILWAUKEE, WI 53210  
 PROPERTY 2802-2804 N 56TH ST  
 MILWAUKEE, WI 53210

You are entering into a transaction that will result in a mortgage/lien/security interest on/in your home. You have a legal right under federal law to cancel this transaction, without cost, within THREE BUSINESS DAYS from whichever of the following events occurs last:

- (1) The date of the transaction, which is \_\_\_\_\_; or
- (2) The date you received your Truth in Lending disclosures; or
- (3) The date you received this notice of your right to cancel.

If you cancel the transaction, the mortgage/lien/security interest is also cancelled. Within 20 CALENDAR DAYS after we receive your notice, we must take the steps necessary to reflect the fact that the mortgage/lien/security interest on/in your home has been cancelled, and we must return to you any money or property you have given to us or to anyone else in connection with this transaction.

You may keep any money or property we have given you until we have done the things mentioned above, but you must then offer to return the money or property. If it is impractical or unfair for you to return the property, you must offer its reasonable value. You may offer to return the property at your home or at the location of the property. Money must be returned to the address below. If we do not take possession of the money or property within 20 CALENDAR DAYS of your offer, you may keep it without further obligation.

**HOW TO CANCEL**

If you decide to cancel this transaction, you may do so by notifying us in writing, at:  
 LONG BEACH MORTGAGE COMPANY  
 ONE PIERCE PLACE, STE 700  
 ITASCA, IL 60143

You may use any written statement that is signed and dated by you and states your intention to cancel, or you may use this notice by dating and signing below. Keep one copy of this notice because it contains important information about your rights.

If you cancel by mail or telegram, you must send the notice no later than MIDNIGHT of \_\_\_\_\_  
 (or MIDNIGHT of the THIRD BUSINESS DAY following the latest of the three events listed above.) If you send or deliver your written notice to cancel some other way, it must be delivered to the above address no later than that time.

**I WISH TO CANCEL**

SIGNATURE \_\_\_\_\_

DATE \_\_\_\_\_

The undersigned each acknowledge receipt of two copies of NOTICE OF RIGHT TO CANCEL and one copy of the Federal Truth in Lending Disclosure Statement.

Each borrower/owner in this transaction has the right to cancel. The exercise of this right by one borrower/owner shall be effective to all borrowers/owners.

BORROWER/OWNER  
 JULIA M WATKINS

DATE \_\_\_\_\_

BORROWER/OWNER

DATE \_\_\_\_\_

BORROWER/OWNER  
 KENNETH J MASON

DATE \_\_\_\_\_

BORROWER/OWNER

DATE \_\_\_\_\_

1064VMP (04/03/01) PG  
 1064VMP (04/03/01) PG

VMP MORTGAGE FORMS • (800)521-7291

12/97

**NOTICE OF RIGHT TO CANCEL**

LENDER: LONG BEACH MORTGAGE COMPANY

DATE 09/28/05

LOAN NO. 6574813-7892

TYPE ADJUSTABLE RATE

BORROWERS/OWNERS: JULIA M WATKINS

ADDRESS 2802 N 56TH ST  
 CITY/STATE/ZIP MILWAUKEE, WI 53210  
 PROPERTY 2802-2804 N 56TH ST  
 MILWAUKEE, WI 53210

You are entering into a transaction that will result in a mortgage/lien/security interest on/in your home. You have a legal right under federal law to cancel this transaction, without cost, within THREE BUSINESS DAYS from whichever of the following events occurs last:

- (1) The date of the transaction, which is \_\_\_\_\_; or
- (2) The date you received your Truth in Lending disclosures; or
- (3) The date you received this notice of your right to cancel.

If you cancel the transaction, the mortgage/lien/security interest is also cancelled. Within 20 CALENDAR DAYS after we receive your notice, we must take the steps necessary to reflect the fact that the mortgage/lien/security interest on/in your home has been cancelled, and we must return to you any money or property you have given to us or to anyone else in connection with this transaction.

You may keep any money or property we have given you until we have done the things mentioned above, but you must then offer to return the money or property. If it is impractical or unfair for you to return the property, you must offer its reasonable value. You may offer to return the property at your home or at the location of the property. Money must be returned to the address below. If we do not take possession of the money or property within 20 CALENDAR DAYS of your offer, you may keep it without further obligation.

**HOW TO CANCEL**

If you decide to cancel this transaction, you may do so by notifying us in writing, at:  
 LONG BEACH MORTGAGE COMPANY  
 ONE PIERCE PLACE, STE 700  
 ITASCA, IL 60143

You may use any written statement that is signed and dated by you and states your intention to cancel, or you may use this notice by dating and signing below. Keep one copy of this notice because it contains important information about your rights.

If you cancel by mail or telegram, you must send the notice no later than MIDNIGHT of \_\_\_\_\_  
 (or MIDNIGHT of the THIRD BUSINESS DAY following the latest of the three events listed above.) If you send or deliver your written notice to cancel some other way, it must be delivered to the above address no later than that time.

**I WISH TO CANCEL**

SIGNATURE \_\_\_\_\_

DATE \_\_\_\_\_

The undersigned each acknowledge receipt of two copies of NOTICE OF RIGHT TO CANCEL and one copy of the Federal Truth in Lending Disclosure Statement.

Each borrower/owner in this transaction has the right to cancel. The exercise of this right by one borrower/owner shall be effective to all borrowers/owners.

BORROWER/OWNER  
 JULIA M WATKINS

DATE \_\_\_\_\_

BORROWER/OWNER \_\_\_\_\_

DATE \_\_\_\_\_

BORROWER/OWNER  
 KENNETH J MASON

DATE \_\_\_\_\_

BORROWER/OWNER \_\_\_\_\_

DATE \_\_\_\_\_

1084VMP -64 (8712).01  
 1084VMP (04/03/01) PC

VMP MORTGAGE FORMS - (800)521-7291

12/97

**NOTICE OF RIGHT TO CANCEL**

LENDER: LONG BEACH MORTGAGE COMPANY

DATE 09/28/05  
LOAN NO. 6574813-7892  
TYPE ADJUSTABLE RATE

BORROWERS/OWNERS: JULIA M WATKINS

ADDRESS 2802 N 56TH ST  
CITY/STATE/ZIP MILWAUKEE, WI 53210  
PROPERTY 2802-2804 N 56TH ST  
MILWAUKEE, WI 53210

You are entering into a transaction that will result in a mortgage/lien/security interest on/in your home. You have a legal right under federal law to cancel this transaction, without cost, within THREE BUSINESS DAYS from whichever of the following events occurs last:

- (1) The date of the transaction, which is \_\_\_\_\_; or
- (2) The date you received your Truth in Lending disclosures; or
- (3) The date you received this notice of your right to cancel.

If you cancel the transaction, the mortgage/lien/security interest is also cancelled. Within 20 CALENDAR DAYS after we receive your notice, we must take the steps necessary to reflect the fact that the mortgage/lien/security interest on/in your home has been cancelled, and we must return to you any money or property you have given to us or to anyone else in connection with this transaction.

You may keep any money or property we have given you until we have done the things mentioned above, but you must then offer to return the money or property. If it is impractical or unfair for you to return the property, you must offer its reasonable value. You may offer to return the property at your home or at the location of the property. Money must be returned to the address below. If we do not take possession of the money or property within 20 CALENDAR DAYS of your offer, you may keep it without further obligation.

**HOW TO CANCEL**

If you decide to cancel this transaction, you may do so by notifying us in writing, at:

LONG BEACH MORTGAGE COMPANY  
ONE PIERCE PLACE, STE 700  
ITASCA, IL 60143

You may use any written statement that is signed and dated by you and states your intention to cancel, or you may use this notice by dating and signing below. Keep one copy of this notice because it contains important information about your rights.

If you cancel by mail or telegram, you must send the notice no later than MIDNIGHT of \_\_\_\_\_  
(or MIDNIGHT of the THIRD BUSINESS DAY following the latest of the three events listed above.) If you send or deliver your written notice to cancel some other way, it must be delivered to the above address no later than that time.

**I WISH TO CANCEL**

SIGNATURE \_\_\_\_\_

DATE \_\_\_\_\_

The undersigned each acknowledge receipt of two copies of NOTICE OF RIGHT TO CANCEL and one copy of the Federal Truth in Lending Disclosure Statement.

Each borrower/owner in this transaction has the right to cancel. The exercise of this right by one borrower/owner shall be effective to all borrowers/owners.

BORROWER/OWNER  
JULIA M WATKINS

DATE \_\_\_\_\_

BORROWER/OWNER

DATE \_\_\_\_\_

BORROWER/OWNER  
KENNETH J MASON

DATE \_\_\_\_\_

BORROWER/OWNER

DATE \_\_\_\_\_

1064VMP (04/03/01) PC  
1064VMP (04/03/01) PC

VMP MORTGAGE FORMS - (800)521-7281

12/97



**EXHIBIT B**

Loan No. 6574813-7892

**1-4 FAMILY RIDER**  
**Assignment of Rents**

THIS 1-4 FAMILY RIDER is made this 28th day of September, 2005, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Note to

**LONG BEACH MORTGAGE COMPANY**  
**1400 S. DOUGLASS RD., SUITE 100**  
**ANAHEIM, CA 92806**

(the "Lender")

of the same date and covering the Property described in the Security Instrument and located at:

**2802-2804 N 56TH ST**  
**MILWAUKEE, WI 53210**

[Property Address]

**1-4 FAMILY COVENANTS.** In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

**A. ADDITIONAL PROPERTY SUBJECT TO THE SECURITY INSTRUMENT.** In addition to the Property described in the Security Instrument, the following items are added to the Property description, and shall also constitute the Property covered by the Security Instrument: building materials, appliances and goods of every nature whatsoever now or hereafter located in, on, or used, or intended to be used in connection with the Property, including, but not limited to, those for the purposes of supplying or distributing heating, cooling, electricity, gas, water, air and light, fire prevention and extinguishing apparatus, security and access control apparatus, plumbing, bath tubs, water heaters, water closets, sinks, ranges, stoves, refrigerators, dishwashers, disposals, washers, dryers, awnings, storm windows, storm doors, screens, blinds, shades, curtains and curtain rods, attached mirrors, cabinets, panelling and attached floor coverings now or hereafter attached to the Property, all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the Property covered by the Security Instrument. All of the foregoing together with the Property described in the Security Instrument (or the leasehold estate if the Security Instrument is on a leasehold) are referred to in this 1-4 Family Rider and the Security Instrument as the "Property."

**B. USE OF PROPERTY; COMPLIANCE WITH LAW.** Borrower shall not seek, agree to or make a change in the use of the Property or its zoning classification, unless Lender has agreed in writing to the change. Borrower shall comply with all laws, ordinances, regulations and requirements of any governmental body applicable to the Property.

**C. SUBORDINATE LIENS.** Except as permitted by federal law, Borrower shall not allow any lien inferior to the Security Instrument to be perfected against the Property without Lender's prior written permission.

**D. RENT LOSS INSURANCE.** Borrower shall maintain insurance against rent loss in addition to the other hazards for which insurance is required by Uniform Covenant 5.

**E. "BORROWER'S RIGHT TO REINSTATE" DELETED.** Uniform Covenant 18 is deleted.

**F. BORROWER'S OCCUPANCY.** Unless Lender and Borrower otherwise agree in writing, the first sentence in Uniform Covenant 6 concerning Borrower's occupancy of the Property is deleted. All remaining covenants and agreements set forth in Uniform Covenant 6 shall remain in effect.

MULTISTATE 1 - 4 FAMILY RIDER - Fannie Mae/Freddie Mac Uniform Instrument

Form 3170 3/93

Page 1 of 2

1057-1 (05/24/99) PG

VMP MORTGAGE FORMS - (800)521-7291

Initials: \_\_\_\_\_





Loan No. 6574813-7892

**G. ASSIGNMENT OF LEASES.** Upon Lender's request after default, Borrower shall assign to Lender all leases of the Property and all security deposits made in connection with leases of the Property. Upon the assignment, Lender shall have the right to modify, extend or terminate the existing leases and to execute new leases, in Lender's sole discretion. As used in this paragraph G, the word "lease" shall mean "sublease" if the Security Instrument is on a leasehold.

**H. ASSIGNMENT OF RENTS; APPOINTMENT OF RECEIVER; LENDER IN POSSESSION.** Borrower absolutely and unconditionally assigns and transfers to Lender all the rents and revenues ("Rents") of the Property, regardless of to whom the Rents of the Property are payable. Borrower authorizes Lender or Lender's agents to collect the Rents, and agrees that each tenant of the Property shall pay the Rents to Lender or Lender's agents. However, Borrower shall receive the Rents until (i) Lender has given Borrower notice of default pursuant to paragraph 21 of the Security Instrument and (ii) Lender has given notice to the tenant(s) that the Rents are to be paid to Lender or Lender's agent. This assignment of Rents constitutes an absolute assignment and not an assignment for additional security only.

If Lender gives notice of breach to Borrower: (i) all Rents received by Borrower shall be held by Borrower as trustee for the benefit of Lender only, to be applied to the sums secured by the Security Instrument; (ii) Lender shall be entitled to collect and receive all of the Rents of the Property; (iii) Borrower agrees that each tenant of the Property shall pay all Rents due and unpaid to Lender or Lender's agents upon Lender's written demand to the tenant; (iv) unless applicable law provides otherwise, all Rents collected by Lender or Lender's agents shall be applied first to the costs of taking control of and managing the Property and collecting the Rents, including, but not limited to, attorneys' fees, receiver's fees, premiums on receiver's bonds, repair and maintenance costs, insurance premiums, taxes, assessments and other charges on the Property, and then to the sums secured by the Security Instrument; (v) Lender, Lender's agents or any judicially appointed receiver shall be liable to account for only those Rents actually received; and (vi) Lender shall be entitled to have a receiver appointed to take possession of and manage the Property and collect the Rents and profits derived from the Property without any showing as to the inadequacy of the Property as security.

If the Rents of the Property are not sufficient to cover the costs of taking control of and managing the Property and of collecting the Rents any funds expended by Lender for such purposes shall become indebtedness of Borrower to Lender secured by the Security Instrument pursuant to Uniform Covenant 7.

Borrower represents and warrants that Borrower has not executed any prior assignment of the Rents and has not and will not perform any act that would prevent Lender from exercising its rights under this paragraph.

Lender, or Lender's agents or a judicially appointed receiver, shall not be required to enter upon, take control of or maintain the Property before or after giving notice of default to Borrower. However, Lender, or Lender's agents or a judicially appointed receiver, may do so at any time when a default occurs. Any application of Rents shall not cure or waive any default or invalidate any other right or remedy of Lender. This assignment of Rents of the Property shall terminate when all the sums secured by the Security Instrument are paid in full.

**I. CROSS-DEFAULT PROVISION.** Borrower's default or breach under any note or agreement in which Lender has an interest shall be a breach under the Security Instrument and Lender may invoke any of the remedies permitted by the Security Instrument.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and provisions contained in this 1-4 Family Rider.

\_\_\_\_\_(Seal)  
JULIA M WATKINS -Borrower

\_\_\_\_\_(Seal)  
-Borrower

\_\_\_\_\_(Seal)  
KENNETH J MASON -Borrower

\_\_\_\_\_(Seal)  
-Borrower

**NOTICE OF RIGHT TO CANCEL**

LENDER: LONG BEACH MORTGAGE COMPANY

DATE 09/28/05  
LOAN NO. 6574813-7892  
TYPE ADJUSTABLE RATE

BORROWERS/OWNERS: JULIA M WATKINS

ADDRESS 2802 N 56TH ST  
CITY/STATE/ZIP MILWAUKEE, WI 53210  
PROPERTY 2802-2804 N 56TH ST  
MILWAUKEE, WI 53210

You are entering into a transaction that will result in a mortgage/lien/security interest on/in your home. You have a legal right under federal law to cancel this transaction, without cost, within THREE BUSINESS DAYS from whichever of the following events occurs last:

- (1) The date of the transaction, which is \_\_\_\_\_; or
- (2) The date you received your Truth in Lending disclosures; or
- (3) The date you received this notice of your right to cancel.

If you cancel the transaction, the mortgage/lien/security interest is also cancelled. Within 20 CALENDAR DAYS after we receive your notice, we must take the steps necessary to reflect the fact that the mortgage/lien/security interest on/in your home has been cancelled, and we must return to you any money or property you have given to us or to anyone else in connection with this transaction.

You may keep any money or property we have given you until we have done the things mentioned above, but you must then offer to return the money or property. If it is impractical or unfair for you to return the property, you must offer its reasonable value. You may offer to return the property at your home or at the location of the property. Money must be returned to the address below. If we do not take possession of the money or property within 20 CALENDAR DAYS of your offer, you may keep it without further obligation.

**HOW TO CANCEL**

If you decide to cancel this transaction, you may do so by notifying us in writing, at:  
LONG BEACH MORTGAGE COMPANY  
ONE PIERCE PLACE, STE 700  
ITASCA, IL 60143

You may use any written statement that is signed and dated by you and states your intention to cancel, or you may use this notice by dating and signing below. Keep one copy of this notice because it contains important information about your rights.

If you cancel by mail or telegram, you must send the notice no later than MIDNIGHT of \_\_\_\_\_  
(or MIDNIGHT of the THIRD BUSINESS DAY following the latest of the three events listed above.) If you send or deliver your written notice to cancel some other way, it must be delivered to the above address no later than that time.

**I WISH TO CANCEL**

SIGNATURE \_\_\_\_\_

DATE \_\_\_\_\_

The undersigned each acknowledge receipt of two copies of NOTICE OF RIGHT TO CANCEL and one copy of the Federal Truth in Lending Disclosure Statement.

Each borrower/owner in this transaction has the right to cancel. The exercise of this right by one borrower/owner shall be effective to all borrowers/owners.

BORROWER/OWNER  
JULIA M WATKINS

DATE \_\_\_\_\_

BORROWER/OWNER \_\_\_\_\_

DATE \_\_\_\_\_

BORROWER/OWNER  
KENNETH J MASON

DATE \_\_\_\_\_

BORROWER/OWNER \_\_\_\_\_

DATE \_\_\_\_\_

1054VMP (04/03/01) PC  
1054VMP (04/03/01) PC

VMP MORTGAGE FORMS - (800)521-7251

12/97

**EXHIBIT C**

Case 2:07-cv-00272-CNC Filed 03/21/2007

Page 13 of 13

Document 1-2

# TRUTH-IN-LENDING DISCLOSURE STATEMENT (THIS IS NEITHER A CONTRACT NOR A COMMITMENT TO LEND)

Applicants: Julia Maria Watkins  
Kenneth Mason  
Property Address: 2802 N. 56th  
Milwaukee, WI 53210  
Application No: Mason, Kenneth

Prepared By: Lakeside Finance Corporation  
219 N Milwaukee St 2nd Floor  
Milwaukee, WI 53202  
414-224-9211  
Date Prepared: 06/16/2005

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	AMOUNT FINANCED	TOTAL OF PAYMENTS
The cost of your credit as a yearly rate	The dollar amount the credit will cost you	The amount of credit provided to you or on your behalf	The amount you will have paid after making all payments as scheduled
* 8.342 %	\$ * 257,727.75	\$ * 146,348.36	\$ * 406,076.11

☐ REQUIRED DEPOSIT: The annual percentage rate does not take into account your required deposit  
PAYMENTS: Your payment schedule will be:

Number of Payments	Amount of Payments**	When Payments Are Due	Number of Payments	Amount of Payments**	When Payments Are Due	Number of Payments	Amount of Payments**	When Payments Are Due
		Monthly Beginning:			Monthly Beginning:			Monthly Beginning:
359	1,128.00	09/01/2005						
1	1,124.11	08/01/2035						

☐ DEMAND FEATURE: This obligation has a demand feature.  
☒ VARIABLE RATE FEATURE: This loan contains a variable rate feature. A variable rate disclosure has been provided earlier.  
2/28 ARM

CREDIT LIFE/CREDIT DISABILITY: Credit life insurance and credit disability insurance are not required to obtain credit, and will not be provided unless you sign and agree to pay the additional cost.

Type	Premium	Signature
Credit Life		I want credit life insurance. Signature:
Credit Disability		I want credit disability insurance. Signature:
Credit Life and Disability		I want credit life and disability insurance. Signature:

INSURANCE: The following insurance is required to obtain credit: COST ?  
☐ Credit life insurance ☐ Credit disability ☐ Property insurance ☐ Flood insurance

You may obtain the insurance from anyone you want that is acceptable to creditor  
☐ If you purchase ☐ property ☐ flood insurance from creditor you will pay \$ for a one year term.

SECURITY: You are giving a security interest in: 2802 N. 56th, Milwaukee WI 53210

☐ The goods or property being purchased ☒ Real property you already own.

FILING FEES: \$ 50.00

LATE CHARGE: If a payment is more than 15 days late, you will be charged 5.000 % of the payment

PREPAYMENT: If you pay off early, you

☐ may ☒ will not have to pay a penalty.  
☐ may ☒ will not be entitled to a refund of part of the finance charge.

ASSUMPTION: Someone buying your property

☐ may ☐ may, subject to conditions ☒ may not assume the remainder of your loan on the original terms.

See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date and prepayment refunds and penalties

☒ \* means an estimate ☒ all dates and numerical disclosures except the late payment disclosures are estimates.

\*\* NOTE: The Payments shown above include reserve deposits for Mortgage Insurance (if applicable), but exclude Property Taxes and Insurance.

THE UNDERSIGNED ACKNOWLEDGES RECEIVING A COMPLETED COPY OF THIS DISCLOSURE.

Julia Ma. Watkins 8/30/05 Kenneth J. Mason 08/30/05  
Julia Maria Watkins (Applicant) (Date) Kenneth Mason (Applicant) (Date)

(Applicant) (Date)

(Applicant) (Date)

(Lender) (Date)

**United States District Court  
Eastern District of Wisconsin (Milwaukee)  
CIVIL DOCKET FOR CASE #: 2:07-cv-00272-CNC**

Mason et al v. Long Beach Mortgage Company et al  
Assigned to: Judge Charles N Clevert, Jr  
Cause: 15:1601 Truth in Lending

Date Filed: 03/21/2007  
Jury Demand: Plaintiff  
Nature of Suit: 371 Truth in Lending  
Jurisdiction: Federal Question

**Plaintiff**

**Kenneth Mason**

represented by **Daniel A Edelman**  
Edelman Combs Lattuner & Goodwin  
LLC  
120 S LaSalle St - 18th Fl  
Chicago, IL 60603  
312-739-4200  
Fax: 312-419-0379  
Email: courtel@edcombs.com  
*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

**Thomas E Soule**  
Edelman Combs Lattuner & Goodwin  
LLC  
120 S LaSalle St - 18th Fl  
Chicago, IL 60603  
312-739-4200  
Fax: 312-419-0379  
Email: tsoule@edcombs.com  
*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

**Plaintiff**

**Julia Watkins**

represented by **Daniel A Edelman**  
(See above for address)  
*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

**Thomas E Soule**  
(See above for address)  
*LEAD ATTORNEY*  
*ATTORNEY TO BE NOTICED*

V.

**Defendant**

**Long Beach Mortgage Company**

represented by **Kenneth R Nowakowski**  
Whyte Hirschboeck Dudek SC

555 E Wells St - Ste 1900  
 Milwaukee, WI 53202-3819  
 414-978-5517  
 Fax: 414-223-5000  
 Email: knowakowski@whdlaw.com  
**LEAD ATTORNEY**  
**ATTORNEY TO BE NOTICED**

**Nathan A Fishbach**  
 Whyte Hirschboeck Dudek SC  
 555 E Wells St - Ste 1900  
 Milwaukee, WI 53202-3819  
 414-273-2100  
 Fax: 414-223-5000  
 Email: nfishbach@whdlaw.com  
**LEAD ATTORNEY**  
**ATTORNEY TO BE NOTICED**

**Scott T Schutte**  
 Howrey LLP  
 321 N Clark St - Ste 3400  
 Chicago, IL 60610  
 312-846-5641  
 Fax: 312-264-0368  
**LEAD ATTORNEY**  
**ATTORNEY TO BE NOTICED**

**Lisa M Arent**  
 Whyte Hirschboeck Dudek SC  
 555 E Wells St - Ste 1900  
 Milwaukee, WI 53202-3819  
 414-224-5803  
 Fax: 414-223-5000  
 Email: larent@whdlaw.com  
**ATTORNEY TO BE NOTICED**

**Defendant**

**Deutsche Bank National Trust  
 Company**

Date Filed	#	Docket Text
03/21/2007	<u>1</u>	COMPLAINT (Summons(es) issued) against Long Beach Mortgage Company, Deutsche Bank National Trust Company filed by Kenneth Mason, Julia Watkins; w/Jury Demand. Consent Forms Distributed for Magistrate Judge A E Goodstein. (Filing Fee Paid \$350).(kah) Dcouments added on 4/5/2007 (bet)
03/29/2007	<u>2</u>	PDF Document Requirement form sent to Daniel Edelman and Thomas Soule regarding Complaint filed on 3/21/07. (kah)

04/03/2007	<u>3</u>	PDF Document Requirement form (SECOND NOTICE) sent to Daniel Edelman and Thomas Soule regarding Complaint filed on 3/21/07. (kah) Modified text on 4/3/2007 (kah).
04/16/2007	<u>4</u>	SUMMONS Returned Executed by Kenneth Mason, Julia Watkins. Long Beach Mortgage Company served on 4/10/2007, answer due 4/30/2007. (Edelman, Daniel)
05/04/2007	<u>5</u>	MOTION for Extension of Time to File Answer <i>UNOPPOSED</i> by Long Beach Mortgage Company. (Arent, Lisa)
05/04/2007	<u>6</u>	PROPOSED Order filed by Long Beach Mortgage Company. (Arent, Lisa)
05/04/2007	<u>7</u>	DECLARATION of Scott T. Schutte <i>supporting unopposed motion for enlargement of time</i> . (Arent, Lisa)
05/04/2007	<u>8</u>	CERTIFICATE of Interest by Long Beach Mortgage Company. (Arent, Lisa)
05/04/2007	<u>9</u>	NOTICE of Appearance by Lisa M Arent on behalf of Long Beach Mortgage Company. Attorney(s) appearing: Nathan A. Fishbach, Kenneth R. Nowakowski, Lisa M. Arent (Arent, Lisa)
05/04/2007	<u>10</u>	DECLARATION of Lisa M. Arent supporting unopposed motion for enlargement of time to answer. (Attachments: # <u>1</u> Exhibit)(Arent, Lisa)
05/04/2007	<u>11</u>	CERTIFICATE OF SERVICE by Long Beach Mortgage Company (Arent, Lisa)
05/07/2007	<u>12</u>	Docket Annotation to Atty Arent re: doc. 6. (kah)
05/10/2007	<u>13</u>	ORDER signed by Judge Charles N Clevert Jr on 5/10/07 granting <u>5</u> motion for enlargement of time to answer or plead. Long Beach Mortgage Company's responsive pleading is due on or before 6/4/2007. (cc: all counsel) (nm)
06/04/2007	<u>14</u>	MOTION to Dismiss by Long Beach Mortgage Company. (Arent, Lisa)
06/04/2007	<u>15</u>	BRIEF in Support filed by Long Beach Mortgage Company re <u>14</u> MOTION to Dismiss. (Attachments: # <u>1</u> Exhibit 1)(Arent, Lisa)

PACER Service Center			
Transaction Receipt			
06/12/2007 11:02:58			
PACER Login:	ec0074	Client Code:	
Description:	Docket Report	Search Criteria:	2:07-cv-00272-CNC
Billable Pages:	2	Cost:	0.16